


**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chair, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: July 15, 2008

SUBJECT: Fiscal Impact Statement: "Ward 2 Single Sales Moratorium Amendment Act of 2008"

REFERENCE: Bill Number 17-799

Conclusion

Funds are sufficient in the FY 2009 through FY 2012 financial plan to implement the proposed legislation. The proposed legislation prohibits, in certain areas of the District, sales of certain alcoholic beverages in one form of packaging; it is concluded that the result will be a change in composition of the purchase of alcoholic beverages in those areas rather than a change in level (amount) of alcohol sold. Accordingly, there would be no effect on tax collections.

Background

Current District of Columbia alcoholic beverage regulation law, as amended by Act 17-407, prohibits off-premise alcohol beverage licensees to sell single containers of beer, malt liquor, or ale with a capacity of 70 ounces or less in the "Targeted Ward 4 Moratorium Zone," Ward 7, and Ward 8. The subject bill would extend that prohibition to Advisory Neighborhood Commissions 2C and 2F in Ward 2.

Financial Plan Impact

Funds are sufficient in the FY 2009 through FY 2012 financial plan to implement the proposed legislation, based on the view that, although the bill will, as intended, eliminate single-container sales of beer, malt liquor and ale in those areas to which it applies, it will not divert any of this spending away from alcoholic beverages.

As a result, there would be no overall reduction of purchases of alcohol (subject to the 9 percent sales tax rate) and thus no diversion of spending to, for example, general merchandise (taxed at the lower rate of 5.75 percent) or groceries (not subject to tax). That is, the legislation would be effective in eliminating sales of single containers of beer, malt liquor, and ale, but the consumers would organize to purchase those beverages in packaging not subject to the prohibition (six-packs, for example) or they would purchase types of alcoholic beverages not subject to the prohibition (wine or spirits) instead. Thus, the composition but not the level of spending on alcohol will change.